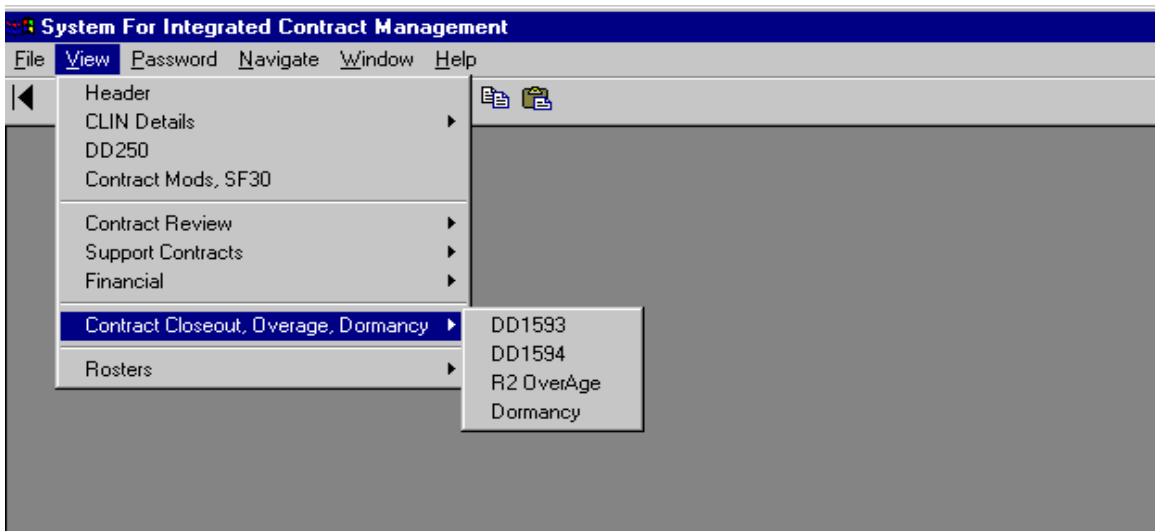# Chapter 9

Contract Closeout

9.0 Contract Closeout

Contract Closeout, Overage, Dormancy

This menu selection provides the user access to the following SICM screens: DD1593 Physical Completion, DD1594 Contract Completion, R2 Overage, and Dormancy.

The purpose of the DD1593 Physical Completion screen is to document the final contract delivery. The DD1594 Contract Completion screen is used to document the final contract action. The R2 Overage screen documents the reasons associated with any delays in the contract closeout process. The Dormancy screen documents the reasons the activity on a contract has been suspended.

When any Contract Closeout screen is saved, the Status field located on the Contract Header view changes to reflect the new contract status, based on the Closeout action that was initiated. Refer to Chapter 2, Contract Header, Section 2.2, paragraph 30.

Fields marked with an * require an entry. Input Screens with mandatory fields indicated should not be, and in some cases cannot be SAVED without the required data being entered.

9.1 DD Form 1593 Physical Completion

A **DD Form 1593** is initiated when final delivery of a product or service is accepted by the U.S. Government, normally a DD Form 250 "Z". This form indicates to all functional specialist what items are remaining for them to clear to facilitate the contract close out process. The completed form is forwarded to the ACO.
Note – The screen field numbers correspond to the DD Form 1594 Block numbers.

1. PIIN*, SPIIN and/or Support No. - Enter or select from the selection list the appropriate number. The To and Name of Contractor fields will be populated based on the PIIN/SPIIN/Support number selected.

2. Suspense Date * - Enter the suspense date the initiator expects to complete the action.

3. Through - Enter the number of the last modification issued on the contract or order. (i.e. A00001, P00001 or 00011A)

4. From - This free form text area is used to enter the the Organizational Name, Address, and Office Symbol of the functional specialist issuing the DD1593.

9.2 DD Form 1593 / Contract Information Report

5. Check Button - This feature will automatically run a Contract Information Report which will check all CLIN's against a given order to ensure they are shipped complete prior to allowing the user to process the DD 1593 to a Physically Complete status.

9.3 DD Form 1593 / Tab Views

Status of Action Tab

6. Function - Identify, by mouse clicking in the appropriate check box, the Function or Functions that need to perform closure actions prior to the final closeout of the associated contract.

7. X - If Req'd Action(s) Comp - Check the corresponding box AFTER the responsible Functional Specialist, noted in Field 9, has completed the actions required for closeout.

8. Anticipated Date for Completion of Action(s) - Enter the date the required actions are expected to be completed by the assigned Functional Specialist.

9. Name - Enter the name of the Functional Specialist delegated the action to complete.

10. Complete Date - Enter the actual date the required action was completed.

Note: When Fields 7 and 10 are applicable, they must BOTH be updated to reflect completion of the required action BEFORE the system will allow a DD Form 1594 to be SAVED for the associated contract.

9.3 DD Form 1593 / Tab Views (continued)

Remarks Tab

11. Remarks - This free form text area is used to enter any specific information related to the completion of any delegated functional element.

Responsible Official Tab

12. Code - Enter your Standard DLA User ID (three alpha – four numeric). The Name field is system generate based on User ID input in this Code field.

13. Name - System generated based on the User ID entered in the Responsible Official Code field.

14. Date ACO Notified of Final Acceptance – Enter the date the ACO was notified of the contract's physical completion. The Final Acceptance Date.

15. Print Form Button - This button will generate a printout of the DD Form 1593. This document should be printed and filed with the official contract file.

The DD1593 Screen is SAVED by using the Save Icon or the F2 Function Key.

9.4 Deleting a DD Form 1593

The Status field of the Contract Header is changed to reflect **1593** for a contract when a DD Form 1593 screen is completed, dated, and saved.

If a DD Form 1593 is entered in error, or the parameters that originally assigned a contract to a Physically Complete status have changed (i.e. a modification is received that adds a new CLIN, or increases the order quantity of a completed CLIN) *, complete the following steps and the contract will be removed from a **1593** status and returned to an "Active" or "Open" status. The Contract Header Status field will indicate this status change by reverting the field back to a BLANK:

1. Open the DD1593 screen view.
2. Enter or select from the selection list, the appropriate appropriate PIIN number.
3. Highlight the date that the ACO was notified of Final Acceptance, (refer to the DD Form 1593, Responsible Official Tab, Field 14), and delete using either the Delete Key or the Backspace Key. **DO NOT** USE THE DELETE ICON.
4. SAVE this change by using the Save Icon or the F2 Function Key.

Although the system will retain the original 1593 data on the screen, it **will not** be associated with the contract as an official DD Form 1593.

* - Refer to Chapter 5, Contract Mods SF30, Section 5.1 for additional process information.

9.5 1593 Reconciliation prior to 1594

1593 Status
The system will not allow a 1594 to be SAVED if any OPEN 1593 actions remain to be completed. An error message will prompt the user that "An OPEN 1593 action remains".
If a Function has been identified in Field 1 above as having actions to be performed prior to final Contract CloseOut, a DD Form 1594 cannot be processed until both Fields 2 and 3 have been annotated to reflect completion of those actions. ***Save the updates using the Save Icon or the F2 Function Key.***

1593OVER Status
A 1593 will be eligible to go into an "OVER" status when the calendar date exceeds the system generated OverAge date which is based on the physical completion date (taken from the DD Form 1593), **and** the Contract Type. A contract's status will change automatically on the Contract Header and the R2 screen, if the OverAge status criteria is met as the result of a DD1593 Date or Contract Type edit, or **after** the system runs the OverAge Report utility (Refer to Chapter 15, Section 15.0).

The system will not allow a 1594 to be SAVED if a contract is in a 1593OVER status, and/or if any other OPEN 1593 actions remain to be completed. An error message will prompt the user that they "Cannot Close an OverAge PIIN".

If a Function has been identified in Field 1 above, make sure Fields 2 and 3 are annotated as being completed. If no Functions were identified in Field 1, and the contract went "OVER" based on the actual physical completion date and the Contract Type, reconcile the 1593 as follows: Check the "Other" block in Field 1, annotate Field 1A with "ACO-Contract OverAge", Check the corresponding box in Field 2, and enter the ACO action completion date in Field 3. ***Save the updates using the Save Icon or the F2 Function Key.***

9.6 DD Form 1594 Contract Completion

A **DD Form 1594** is initiated as the last action prior to closeout of a contract. Similar to the automated NLA Final Pay in the MOCAS system, the processing of a DD 1594 will move the contract from a Physically Complete status to a Closed status. The Contract Administrator initiates the form and it is forwarded to the ACO for completion.

1. PIIN*, SPIIN, and/or Support No. - Enter or select from the selection list the appropriate number. The **From**, **To**, and **Contractor Code /Address** fields will be system populated based on the PIIN*/SPIIN/Support No. selected.

2. Last Modification Number -Enter the number of the last modification issued on the contract or order (i.e. A00001, P00001, 00011A…..).

3. Check Button - This feature will automatically run a Contract Information Report which will check payments against a given order to ensure they are paid complete prior to allowing the user to process the DD 1594 to a Contract Closed status. Refer to Section 9.7, Contract Information Report, for screen view and additional information.

9.6 DD Form 1594 Contract Completion (continued)

4. Funding Adjustments - Insufficient / Excess - When applicable, select the appropriate funding adjustment required to declare *insufficient* or *excess* ULO funds remaining on the contract by mouse clicking in the box located to the left of the selection. If *insufficient* or *excess* funds are to be declared, enter this amount in Block 5. Provide details in Field 12.

5. Funds - If a ULO balance remains on a contract at the time of closure, these funds must be declared and the PCO notified that a funding adjustment may be warranted. Round off the 4 decimal place ULO balance noted to 2 decimal places and enter the amount of *insufficient* or *excess* funds remaining that are to be reported to the PCO. Refer to the example provided at the end of Section 9.7. This amount will be reflected on the system generated DD Form 1594.

Note: The funds declared in Block 5 only <u>accounts for</u> and <u>reports</u> these funds on the system generated DD 1594. No actual Funding Adjustment occurs. A Funding Adjustment can only be accomplished through the issuance of an official contract modification, either by the ACO or PCO.

6. Float - This field defaults with a system generated difference between the rounded Funds amount that was declared in Block 5, and the Unliquidated amount remaining. Refer to the example provided at the end of Section 9.7. If necessary, provide details in Field 12.

Note: The amount entered in Block 6 will not be reported on the system generated DD 1594.

9.6 DD Form 1594 Contract Completion (continued)

If Final Payment has been Made and an Advice of Payment has been Received:

7. PCO Notified - Enter the date the PCO was notified of the Funding Adjustment requirements. A printed copy of the DD1594 with a detailed explanation / analysis of the funds status is sufficient for this purpose. ***This field will require an entry ONLY if Insufficient or Excess Funds are being declared.***

8. Voucher Number - Enter the Final Advice of Payment Voucher Number.

9. Date - Enter the date of the Final Advice of Payment Voucher.

Note - If you enter data in Blocks 8 and 9, you should not enter data in Blocks 10 and 11.

If Final Payment has been Forwarded to Another Activity and the Status of Payment is Unknown:

10. Invoice - If Final Approved Invoice was forwarded to the cognizant payment office and a payment voucher has not been received or the status is unknown, enter the Final Invoice number.

11. Date Forwarded - Enter the date the Final Approved Invoice was forwarded to the cognizant payment office.

12. Remarks - This free form text area is used to enter any specific information related to the completion of the contract or order.

13. Print Form Button - This button will generate a printout of the DD Form 1594. This document should be printed and filed with the official contract file.

14. Official's Code - Enter your Standard DLA User ID (three alpha – four numeric). The Name of the Official field is system populated based on the User ID entered.

15. Name - System generated based on the User ID entered in the Official's Code field.

16. Date - Enter the date the official (ACO) approved this DD1594.

The DD1594 Screen is SAVED by using the Save Icon or the F2 Function Key. The system will not allow a 1594 to be SAVED until ALL 1593 actions have been completed.

Note: The system will allow you to save a DD1594 Form <u>without</u> a date so that the form can be printed prior to, and for use during, the Reviewing Official's review.

After the Reviewing Official has completed the review, enter the date of that review and <u>SAVE the DD1594 again.</u> The DD1594 Form now becomes an official DD1594 record, and will be reflected as such in the PIIN Selection List.

9.7 DD Form 1594 / Contract Information Report

```
Contract Information                                               ×
 Checking contract: NAS001      54321654321                        ▲
 Checking CLIN: 001                              FAILED.
     $83.1159 Obligated
     $72.9816 Paid
     $10.1343 Unliquidated

 CHECK DONE.

 Summary

 1 CLINs checked
 1 CLINs failed




                                                                   ▼
 ◄                                                             ►

                                      [  Print  ]      [   OK   ]
```

If an Unliquidated Amount remains, this check will fail. This amount must be declared as either insufficient or excess funds in accordance with Section 9.4, paragraph 4. Enter the amount to be declared in the Funds field per paragraph 5.

Note: The funds check is reflected in 4 decimal places. The Funds amount declared to the PCO, however, can be entered in 2 decimal places. Refer to the example on the next page.

```
Contract Information                                               ×
 Checking contract: NAS001      54321654321                        ▲
 Checking CLIN: 001                              FAILED.
     $83.1159 Obligated
     $72.9816 Paid
     $10.1343 Unliquidated

 CHECK DONE.

 Summary

 1 CLINs checked
 1 CLINs failed

 NOTE:
 Funds Accounted for: $10.13

                                                                   ▼
 ◄                                                             ►

                                      [  Print  ]      [   OK   ]
```

Once this Unliquidated Amount has been accounted for by declaring the Funds in Block 5, re-run this report and the check will show that these funds have been **accounted for**. The user will then be able to SAVE the record.

Note: The amount accounted for reflects the rounded amount that was declared to the PCO and entered in the Funds field per paragraph 5. Refer to the example on the next page.

Format to Declare Insufficient or Excess Funds

All monies are carried in the system at 4 decimal places. When the Contract Information Report is run from the 1594 screen, it will calculate the Obligated, Paid and Unliquidated amounts using the system's standard 4 decimal places.

However, the system will allow the ACO to declare Insufficient or Excess funds to the PCO using ONLY 2 decimal places, since this is the amount that will be reflected on the system generated DD Form 1594. In the example above, the user would ROUND the Unliquidated amount of **$10.1343** off to **$10.13** and ENTER THIS AMOUNT in the Funds field, per Section 9.6, paragraph 5. Note that the system will still DISPLAY this amount using 4 decimal places as **$10.1300**.

The Float field is system generated and will reflect the DIFFERENCE between the ROUNDED amount entered in the Funds field, and the Unliquidated amount.
Positive balances will be reflected as shown in the above example as **$.0043**. Negative balances will be reflected as **($.0043)**.   This field allows the system to account for the 4 decimal places carried throughout the system, and satisfies the validation checks required prior to the SAVE of a DD Form 1594.

The Funds Accounted for line of the Contract Information Report will reflect the amount that was entered in the Funds field, and declared to the PCO.

9.8 Deleting a DD Form 1594

The Status field of the Contract Header is changed to reflect either **1594** (for Prime Contracts) or **CLOSED** (for Support Contracts) when a DD Form 1594 screen is completed, dated, and saved.

If a DD Form 1594 is entered in error, or the parameters that originally assigned a contract to a Closed status have changed, complete the following steps and the contract will be removed from a **1594** or **CLOSED** status and returned to a Physically Complete status. The Contract Header Status field will indicate this status change by reverting the field back to a **1593**:

1. Open the DD1594 screen view.
2. Enter or select from the selection list, the appropriate appropriate PIIN number.
3. Highlight the date that the ACO approved the DD 1594 (refer to the DD Form 1594 screen, Field 16), and delete using either the Delete Key or the Backspace Key. **DO NOT** USE THE <u>DELETE ICON</u>.
4. SAVE this change by using the Save Icon or the F2 Function Key.

Although the system will retain the original 1594 data on the screen, it **will not** be associated with the contract as an official DD Form 1594.

9.9 R2 - Overage Reason Codes Screen

R2 - Overage Reason Code screen is to be used when the contract exceeds the FAR 4.804-1, time standards for contract closeout (i.e. FFP - 6 months, Cost Type - 36 months, and Others - 20 months). The overage date is system generated based on the physical completion date, from the DD Form 1593 screen, and the type of contract, from the Contract Header screen.

1. PIIN*, SPIN, and/or Support No.– Enter or select from the selection list the appropriate number.

2. Overage Reason Code - Enter the code reflecting the predominate reason the contract will not be closed prior to the overage date.

3. Status – System generated identifying if the contract is: Active (field will be Blank), Complete (1593 or 1593DMNT - if contract is dormant), Closed (1594 - for Prime contracts or CLOSED - for Support contracts). When applicable, this field will reflect 1593OVER **after** the system runs the OverAge Report utility (Refer to Chapter 15, Section 15.2). This OVER status is based on the DD1593 date.

9.9 R2 - Overage Reason Codes Screen (continued)

4. Overage Date – System generated based on the physical completion date from the DD Form 1593 screen, and the type of contract from the Contract Header screen.

5. Date Entered - System generated date based on initial input into this screen.

6. Codes Entered – System generated display of the selected Overage Reason Code.

7. Save Button - Use this button to save the R2 Overage Reason Code that was entered on this screen.

9.10 R3 - Dormant Contract Codes

Dormant Contract Codes

1. PIIN				Support No		Close Status
1					...	6

Dormancy Reasons	Date IN	Date OUT
2		
TERM-C - Termination for Covenience	// 3	// 4
CIL - Litigation	//	//
GUA - Guaranty/Warranty - Expiration Date Below	//	//
BCA - Armed Services Board of Contract Appeals	//	//
PL - Public Law Case	//	//
BKRPT - Bancrupcy	//	//
CLL - Under Investigation	//	//
LLD - Labor Law Determination	//	//
VE - Contigent Value Engineering Payment	//	//

Entry Date	Warranty End Date	Date Dormant	Not Dormant from
// 7	// 5	// 8	// 9

R3 - Dormant Contract Codes screen is to be used when performance on the contract has ceased, but which cannot be closed until after the occurrence of an event that is clearly beyond the control of the Administrative Contracting Officer (ACO).

1. PIIN*, SPIIN, and/or Support No.– Enter or select from the drop down list the appropriate number.

2. Dormancy Reasons - Depending which reason for dormancy is selected the following dates are used to identify when it became dormant and when it stopped being dormant.

3. Date IN –Enter the date when the contract became or entered a dormant state.

4. Date OUT –Enter the date when the contract stopped or completed the dormant state.

5. Warranty End Date –Enter the date when the CLIN with a warranty expires.

9.10 R3 - Dormant Contract Codes (continued)

6. Close Status –System generated identifying if contract is Active/Complete/Closed.

7. Entry Date - System generated based on initial input into this screen.

8. Date Dormant –System generated based on the Date IN.

9. Not Dormant From –System generated based on the Date OUT.

The Dormant Contract Code Screen is SAVED by using the Save Icon or the F2 Function Key.